

# **SMALL BUSINESS LOAN FUND CORPORATION**

## **MINUTES OF THE BOARD OF DIRECTORS**

**May 27, 2010**

### **PUBLIC SESSION**

A monthly meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "Corporation") was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on May 27, 2010 at approximately 9:45 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty (Chair), Mr. Richard DeMerchant, Mr. Thomas Stocker and Ms. Leslie Taito.

Director Mr. William Parsons arrived at approximately 9:52 a.m. and participated throughout the remainder of the meeting.

The following Director(s) were absent: None.

Also present were: J. Michael Saul, Deputy Director of the RIEDC, Sean W. Esten, Corporation Administrator; Anthony J. Scolavino, Special Consultant, Ms. Susan Morgan, Director of Accounting for RIEDC, Corporation staff member Earl F. Queenan Jr. and Thomas V. Moses, Legal Counsel.

Mr. Fogarty presided over the meeting.

#### **1. Call to Order.**

Mr. Fogarty called the meeting to order at 9:45 a.m.

#### **2. Approval of the Minutes of the Meeting Held on April 29, 2010.**

The first item to come before the Board was approval of the Public Session Minutes and the Executive Session Minutes of the Board meeting held on April 29, 2010. Upon motion duly made by Mr. Stocker and seconded by Ms. Taito, the motion to approve the Public Session Minutes and the Executive Session Minutes of the meeting held on April 29, 2010 was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Mr. DeMerchant, Mr. Stocker and Ms. Taito.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Parsons.

**3. Maintain the Executive Minutes of April 29, 2010 Confidential.**

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on April 29, 2010. Upon motion duly made by Mr. Stocker and seconded by Mr. DeMerchant, the motion to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on April 29, 2010 was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Mr. DeMerchant, Mr. Stocker and Ms. Taito.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Parsons.

**4. Report of Cash Position as of April 30, 2010.**

Mr. Scolavino presented the report of Cash Position as of April 30, 2010.

**5. Report of Portfolio Activity, Delinquency Loans and Loan Forbearances as of April 30, 2010.**

Mr. Scolavino presented the report of Portfolio Activity, Loan Delinquency Report and Loan Forbearance Report as of April 30, 2010. Mr. Saul asked about the funding status of Concordia Manufacturing, LLC and Mr. Scolavino provided an update regarding the same. Mr. Saul also recommended Mr. Esten and Mr. Scolavino meet with Mr. Saul following the meeting to determine if any further action will be required regarding unfunded outstanding loan commitments. Mr. Saul also suggested that future reports regarding outstanding loan commitments contain a detailed status report. Mr. Fogarty then requested a brief review of the outstanding loan commitments. Mr. Scolavino and Mr. Esten collectively provided an update regarding the same.

There were no other questions from the Board.

**6. Approval of Loan Charge-Offs.**

Mr. Scolavino presented the report of Loan Charge-Offs. Mr. Saul asked about Location, Inc. and the status of any potential sale thereof impacting SBLFC. Mr. Scolavino provided an update regarding the same and the terms of the settlement with Location, Inc.

Mr. DeMerchant asked about PSP, LLC and the status of the appraisals regarding the guarantors personal residences. Mr. Scolavino provided an update regarding the same.

There were no other questions from the Board.

Mr. Fogarty then suggested a vote by the Board to approve the Loan Charge-Offs. Upon motion duly made by Mr. Parsons and seconded by Mr. DeMerchant, the motion to approve the Loan Charge-Offs was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Mr. DeMerchant, Mr. Stocker, Mr. Parsons and Ms. Taito.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: None.

**7. Loan Reserve Allocation for the Fiscal Year Ending June 30, 2011.**

Mr. Scolavino presented the report of Loan Reserve Allocation for the Fiscal Year Ending June 30, 2011.

**8. Other Business.**

The staff confirmed that there were no other matters to be discussed during this portion of the public meeting.

**9. Executive Session**

Mr. Fogarty suggested that the Board move into executive session. Upon motion duly made by Mr. Parsons and seconded by Mr. Stocker, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Mr. Parsons, Mr. Stocker, Mr. DeMerchant and Ms. Taito.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: None.

Public session concluded and executive session began at 10:12 a.m.

**10. Return to Public Session**

Upon a motion duly made by Ms. Taito and seconded by Mr. Stocker, the motion to conclude executive session and return to public session was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Mr. Parsons, Mr. Stocker, Mr. DeMerchant and Ms. Taito.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: None.

Executive session concluded and public session began at 10:38 a.m.

**11. Executive Session Vote Ratification**

Mr. Fogarty called for ratification of the votes adopted during executive session. Upon motion duly made by Mr. Parsons and seconded by Mr. Stocker, the following votes were ratified:

To approve the application of Zoom Lighting, Ltd. for a term loan in the principal amount of \$220,000.00.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Mr. Parsons, Mr. Stocker, Mr. DeMerchant and Ms. Taito.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: None.

There being no further business to come before the Board the meeting was adjourned at 10:42 a.m.

Respectfully submitted,

/s/ Sean W. Esten

Sean W. Esten, Administrator

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